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DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

FARM LAND VALUES IN IOWA. In the last issue of this REVIEW (p. 644) appeared a review of the results of an investigation of farm land values in Iowa, issued by the United States Department of Agriculture. At the time the REVIEW went to press the bulletin had not yet appeared and therefore it was not practicable to give specific credit for the authorship of the publication. The results of the investigation have been published under the title of *Farm Land Values in Iowa*, by L. C. Gray and O. G. Lloyd, Bulletin No. 874, United States Department of Agriculture. The investigations were made in coöperation with the Iowa Agricultural College which was represented by O. G. Lloyd.

This bulletin is the first product of the Division of Land Economics, of the newly organized Office of Farm Management and Farm Economics. Dr. L. C. Gray is in charge of the division. The establishment of this field of work in the Department of Agriculture represents a recognition by the department of the fact that the nation has reached the close of an epoch in its policies with respect to agricultural land and that it is necessary to anticipate by systematic investigation the formulation of policies that will regulate in the interest of national welfare the tenure and use of land rather than merely provide for the alienation of the public domain.

Although the investigational work of the Division of Land Economics has been under way little more than a year, numerous investigations are being carried on concerning the following major topics: causes and significance of tenancy, the distribution of farm land ownership, methods of facilitating the ownership of land, land values and methods of valuation with special reference to measuring the influence of the factors determining rents and values, the tenant contract and methods of improving it in various systems of farming, organization of estate farming with special reference to the plantation system, conditions determining the use or non-use of agricultural land in various regions, and methods of land settlement and colonization public and private. This is a field of economic research in which additional well trained students are needed.

Attention of professors of economics is called to the fact that land economics is a field of research that is likely to offer opportunities of increasing importance in the next few years to young men and women who have had the suitable training and that not only the United

States Department of Agriculture but the colleges of agriculture and other public agencies, national and state, will provide attractive employment for men trained for work in this field.

H. C. T.

The United States Tariff Commission has printed for the use of the House Committee on Ways and Means *A Survey of the British Wool-Manufacturing Industry* (Washington, 1920, pp. 106), the result of a field investigation in Great Britain made during the later months of 1919.

The United States Tariff Commission has recently published *Reciprocity with Canada, A Study of the Arrangement of 1911* (1920, pp. 114) and in its Tariff Information Series, No. 17, *Subject Index to Tariff Information Surveys and Reports* (pp. 25); No. 19, *The Crude Botanical Drug Industry* (pp. 69).

The Secretary of the United States Department of Agriculture has prepared a new edition of *Regulations of the United States Warehouse Act of August 11, 1916, as Amended July 24, 1919* with special regulations for wool warehouses (Washington pp. 31).

The Bureau of the Census has compiled a pamphlet on *Cotton Production in the United States, Crop of 1919* (pp. 39).

Two additional volumes of the Cost Reports of the Federal Trade Commission on *Coal* have appeared. No. 5 relates to *Ohio, Indiana, and Michigan—Bituminous*; and No. 6, to *Maryland, West Virginia, and Virginia—Bituminous* (Washington, 1920, pp. 258; 286).

The Federal Bureau of Foreign and Domestic Commerce has issued Special Agents Series, No. 98, *South African Markets for American Hardware*, by R. A. Lindquist and C. S. Williams (pp. 56).

The Department of Agriculture has recently issued as department bulletins *Requirements and Cost of Producing Market Milk in Northwestern Indiana* (No. 858, July 16, 1920, pp. 31); *The Organization of Coöperative Grain Elevator Companies* (No. 860, Aug. 20, 1920, pp. 40); and *Marketing Eastern Grapes* (No. 861, Sept. 13, 1920, pp. 61); also *Timber Depletion, Lumber Prices, Lumber Exports, and Concentration of Timber Ownership*, submitted in compliance with Senate resolution 311 (Washington, June 1, 1920, pp. 71), which is a nationwide survey of the present status of forest supplies, illustrated by maps and charts.

The hearings held before the Committee on Manufactures of the

United States Senate in regard to *Increased Price of Shoes* have been printed in four parts (Washington, pp. 118).

The United States Shipping Board has issued *The Shipping Act and Merchant Marine Act, 1920*, revised to June 1, 1920 (Washington, pp. 151).

The Merchant Marine Act, 1920 has also been separately printed by the American Exchange National Bank of New York (pp. 40) and by the Committee of American Shipbuilders, 30 Church St., New York City (pp. 35).

The Division of Foods and Markets of the New York State Department of Farms and Markets (Albany) is publishing a monthly bulletin entitled *Foods and Markets*. It has also printed an eight-page circular on *The Public Market*, in which the advantages and disadvantages of such a market are contrasted.

There has been received the *Fourth Annual Report of the State Market Director of California and Third Annual Report, State Fish Exchange* (Sacramento, 1920, pp. 129).

The Industrial Commission of North Dakota has issued a pamphlet on *The North Dakota Industrial Program*, which contains a report on the organization of the North Dakota state industries, and the administration of related laws covering the protection and promotion of agriculture and other industries (Bismarck, May 21, 1920, pp. 86).

The National Foreign Trade Council offers to students of foreign trade or economics copies of the *Proceedings of the National Foreign Trade Conventions* at special terms. Information in regard to this can be obtained from O. K. Davis, Secretary, National Foreign Trade Council, 1 Hanover Sq., New York City.

Corporations

REPORT OF THE FEDERAL ELECTRIC RAILWAYS COMMISSION. Although the technique of regulation and the application of principles of financial practice already known in the field of public utilities occupy the major part of the report (*Report of the Federal Electric Railways Commission to the President*, August, 1920, pp. 30), it also contains some features of general economic interest and two with reference to taxes which will be of special interest to the economist.

The Federal Electric Railways Commission had no statutory basis. It was appointed by the President about June 1, 1919, in accordance with the suggestion of the Secretary of Commerce and the Secretary

of Labor, who pointed out the financial crisis of the street railways produced by mounting costs and inflexible fares, and urged an investigation by a broadly representative body of eight made up of one representative of each of the following groups: Treasury Department or War Finance Corporation, Department of Commerce, Department of Labor, National Association of State Public Utility Commissioners, American Cities League of Mayors, Amalgamated Association of Street and Electric Railway Employees, American Electric Railway Association, Investment Bankers' Association of America.

After holding hearings covering more than 6,000 pages of transcript and obtaining a great mass of information by means of questionnaires, and causing a thorough analysis to be made of the evidence so obtained, the commission met and framed a report, which reflects, as the commission confesses, decided concessions by some of its eight individual members.

Summarizing the commission's conclusions relating to regulatory technique and principles of financial practice, which have a general economic bearing, the commission declared that municipal ownership and operation do not at this time promise relief from the financial or social problems of street railway management, this largely because the city governments are not responsible enough for such undertakings, but that eventually such changes might become possible, especially if the relations between the companies and the cities can be rationalized and simplified by the adoption of the principles recommended by the commission; that efficiency of the street railways requires credit; that their credit has been destroyed by early mismanagement, particularly excessive capitalization and neglect to provide against depreciation; by overbuilding; by payment of excessive rentals to affiliated lines, and responding to excessive exactions of holding companies; by oppressive franchise burdens with regard to street paving and the like; and finally by mounting costs and inflexible franchise fares. The commission recommended the adoption of the indeterminate contract with the flexible rate; that the initial rate be fixed after a valuation, in the determination of which the original cost shall be primarily considered and which valuation shall then determine the capitalization; that regulation should be comprehensive, covering rates, service, financial accounting, depreciation reserves, and security issues; that such regulation although instantly local should be, especially as to service and rates, subject to final jurisdiction of the state commission; that the "cost-of-service" contract of the general type now employed in Cleveland and Dallas in which the invested capital is assured a fixed

return through a fluctuating fare varying with the net revenue may well be considered by urban communities if it be accompanied by proper reservation in the public of the right to become the owner of the property. The commission considered that the public gasoline conveyance should not be so restricted as artificially to deprive the public of a service which the street railway is unable to afford, but that it should be subject to taxation and regulation, in general equivalent to that imposed on the railway, and that it should be required to obtain a certificate of public convenience prior to being allowed to compete directly with it. As to labor, the commission recommended a recognition of the right of collective bargaining, but emphasized the responsibility of the labor organization to insure compliance with arbitration awards and to procure the efficient coöperation of every individual for whose wage it bargains.

With reference to taxation of street railway property the commission in effect takes the position that the degree of taxation should vary inversely with the degree of regulation.

The argument on this point may be summarized as follows. The evidence shows that on the basis of the five-cent fare, the taxes represent about one half of a cent in the nickel paid by the car rider and thus contribute materially to the necessity for fare increases. It has been contended that the car rider should not be required to support the schools, almshouses, and other city institutions, but that the company should pay in taxes only such an amount as would reimburse the city for actual cost due to the presence of the street railway. Although there is much force in this idea, the time is not ripe for recommending its general adoption. The present heavy taxation came into being during a period of prosperity when the companies were essentially private concerns, relatively free from regulation, and therefore subject to taxation in no less degree than other private corporations. When a company comes to subject itself to such a comprehensive regulation as renders its property in effect a public instrumentality, tax exemption begins to be in order. This course has, indeed, been followed in Cleveland. To the extent that it may become possible in any community to exempt street railway property from taxation, the rider's carfare will come more nearly to represent the actual cost of rendering the service of transportation—in itself a desirable result. But the status of the company as a public agency should be well assured before such exemption should be attempted.

It is to be noted that the commission does not undertake to say how this tax, which is simply for the purpose of reimbursing the city for

its actual cost due to the presence of the street railway, is to be collected. Whether it be in the form of a tax on distributable net revenue or in the form of a property tax on a reduced basis, the consequent differentiation in the basis of profits or property taxation would naturally come to be applied to other public utilities under regulation—to gas works, telephones, electric light and power plants, and steam railroads; because in the social motive for reducing their cost to the minimum, and in the constitutional criteria for differentiation in their assessment, these agencies of public service are all assimilable. In other words, the Federal Electric Railways Commission has opened here for consideration a point which if it is to be dealt with at all, must lead us to contemplate an entirely new determination under modern conditions of the fiscal contributions of public utilities—a determination based upon the degree of their socialization. And such a new determination in turn necessarily suggests that to private property and activities unaffected with a public interest would increasingly be shifted the burden of supporting the machinery of our expanding governments. Here are implications penetrating deep into the old economic interrelations on which the typical state fiscal system in the United States has in the past been based.

Somewhat novel, but calling for changes far less fundamental, is the commission's suggestion that the property owners whose real estate receives new value through the construction of a street railway extension, particularly of a subway or rapid transit extension, should, in whole or in part, pay for such construction out of such resulting benefits. The commission, giving concrete examples of the enhancement of land values in New York through extensions of its subway system, and referring to testimony as to similar enhancements in Philadelphia, urges that the procedure generally employed in the United States for paying for the construction of streets and other public improvements out of assessments for benefits, be adapted to financing such street railway extensions. The suggestion is that the construction be paid for in the first instance by the city, at which time the property in the benefited district would be affected by a lien of limited but undetermined amount; that appraisal of benefits be made perhaps five years after construction; that owners be given the right to pay their assessments in instalments over a course of years; and that the amount finally payable to the city by the company as rental for use of such improvement depend upon the extent to which the total aggregate assessments might cover its cost, the rental being nominal if that aggregate should equal the cost. It is presupposed

that there exists such public control of accounting methods as would cause the resultant saving to the company to be exactly represented in its rate of fare.

By this method of financing the construction of extensions, says the commission, the public can avoid the dilemma presented by the fact that the higher fares necessary to fund a costly extension intensify the very congestion which such improvement is intended to relieve. It is urged that where such method appears practicable, it should be established whether by ordinance, by statute, or by amendment to state constitution.

The success of such a plan of financing an extension would depend largely upon the degree of special benefit reasonably certain to arise therefrom, so that in many situations the idea would not be practicably applicable. In addition to its most obvious advantages, it would tend to prevent improvident overextension through undue influence of land speculators, a typical evil of the past, now somewhat controlled by regulation. If wisely applied, it need not operate to deprive a city of such extensions as would be reasonably necessary. As pointed out by the commission, the problems incident to a city's owning way-bearing structures and leasing them to the company have in the past been successfully handled in Boston and elsewhere.

Both of these suggestions of the Federal Electric Railways Commission in the general field of taxation ought to provoke fresh thinking and will, it is hoped, be at least helpful in the search for new bases of adjustment.

Louis B. WEHLE.

CONTROL OF PUBLIC UTILITY RATES IN THE STATE OF NEW YORK.
One of the most important problems throughout the country has been the proper adjustment of street railway fares and other public utility rates to the increase in operating costs since 1914. The general difficulty has been the lack of effective machinery by which rates are fixed. In most instances the crucial point has been the investment entitled to a return; the amount has not been determined and there have been wide differences of opinion as to how the valuation should be made. Other perplexities have been the past excessive returns and how they should be used in the face of present deficiencies; franchise restrictions upon rates in relation to important privileges granted to the companies by the same franchises; interpretation of statutory law in relation to rates, and the powers of the public utility commissions.

In the state of New York all these difficulties have prevailed, and the legal situation has become more confusing by recent decisions of

the Court of Appeals, the highest court in the state. The purpose of this note is to give a summary account of the legal situation in the state of New York in relation to public utility rates, especially the difficulties in regard to street railway fares.

The public service commissions law was enacted in 1907, creating the Public Service Commission and, in general, delegating to it the power to fix reasonable rates. At that time the problem was one involving a reduction in rates and not an increase, and the commission received ample power to order any reasonable reduction subject to review by the courts. As to an increase in rates, however, the law was not clear. With gas and electricity the commission was definitely restricted to the maximum fixed by the statute, while with street railways it seemed to have authority to increase as well as to reduce fares.

The first important decision involving the power of the commission to increase street railway rates, was the so-called Quimby case, decided by the Court of Appeals in 1917 (223 N. Y. 244). The issue there was whether the commission had power to raise rates above 5 cents on the street railways of the city of Rochester, and the decision was that the commission did not have power. The court held that the commission has full power to deal with rates fixed by statute, but not to increase rates beyond the maximum fixed by franchises granted by local authorities. The power to set aside the maximum rates fixed by franchise must be definitely delegated and cannot be inferred, and no such power was conferred upon the commission.

There was the question, however, whether the legislature itself has the right to raise street railway rates above the maximum fixed by franchise, because since 1875 the conditions placed in the franchises granted by the municipalities rested upon constitutional rights and not upon legislative authorization. The court stated specifically that this question was not involved in the case and would not be decided until it was a direct issue. The decision was commonly understood to mean that whenever there were franchise requirements as to fares or rates, whether they were imposed under statutory authority or under the constitutional provision of 1875, the duties imposed upon the companies could not be diminished by the commission, and that this view applied to gas and electric companies as well as to street railways.

A year later, however, in the Glens Falls case (225 N. Y. 216) the court decided that the commission had authority to raise gas rates above the maximum fixed by franchise. The distinction between this case and Quimby was not specifically set forth, and even now after the

recent more clarifying decisions the fundamental basis of the Glens Falls decision is not clear.

In August, 1919, in the Buffalo case (226 N. Y. 474) it was decided that the commission had the right to raise street railway fares above those fixed by franchise, but here the agreement between the city and the company specifically provided that the rates should be subject to legislative control. This decision, therefore, rests on the particular circumstances where the legislative control was reserved and was then delegated by the legislature to the commission. It did not seriously limit Quimby and was clearly distinguished.

Finally on July 7, 1920, the Court of Appeals rendered three decisions which clarified the law but which probably added greatly to the confusion and to the litigation before reasonable street railway adjustments can be made.

First: In the Niagara Falls case, the commission was denied the power to increase street railway rates above the maximum fixed by the franchise in 1905.

Second: In the Manhattan and Queens Traction Company case the commission was given power to increase rates above the franchise maximum fixed in 1912 after the public service commissions law was enacted, when, therefore, the power of the commission over rates became a necessary part of the franchise agreement.

Third: In the Brooklyn Rapid Transit cases the commission was denied the power to raise the general rates of the company, without prejudice however to the company's making separate applications for higher rates as to franchises granted (1) directly by the legislature, (2) by municipalities prior to 1875, (3) by municipalities since 1907 after the enactment of the public service commissions law; and (4) certain specified franchises granted between 1875 and 1907 where there were no franchise restrictions as to rates.

Now, what is the law? As to street railways it is clear that the commission has no power to increase fares above the maximum fixed by franchises granted between 1873 and 1907. Likewise it is clear that as to franchises granted under the present provisions of the public service commissions law, the commission has jurisdiction, except possibly where the grants are by their terms clearly dependent upon prior rate restrictions. As to franchises before 1875 the companies may apply for increases in fares, but it is not clear that the jurisdiction of the commission has been definitely established. Moreover, in such prior grants subsequent franchises may have superseded the rate provisions fixed before 1875.

The recent decisions have opened the floodgates to litigation. In New York City, for example, no company operating surface lines can put into effect a general increase in fare because it has several franchises with fare restrictions. There are, indeed, very few lines or routes as now operated which do not somewhere in their course come under franchise restrictions as to fares. It is possible that on an occasional line a flat increase may be allowed, or that here and there a line may be divided into two or more zones each with a separate 5 cent fare, or some of the zones with more than 5 cents. But if increases of that character are finally allowed, the general system of rates will be greatly distorted, grave inconsistencies will be established, serious discrimination as between different localities of the city will be created, service will deteriorate, and traffic will undoubtedly be driven to a large extent from the surface lines to the subway and elevated. The companies instead of getting financial relief by such patchwork of rate adjustments will probably get into more serious difficulties.

The rapid transit contracts of the City of New York with the operating companies present further complications. They were executed in 1913 after the public service commissions law was enacted and might therefore be considered as coming under the commission's power over fares. The contracts provide for a 5 cent fare in return for specified considerations and privileges granted to the companies. If the commission's power over fares should be sustained, the fares would probably be increased while all the privileges granted to the companies would be continued, however unreasonable some of the provisions may be. The proposition seems completely beyond reason to destroy the single advantage reserved for the public by the rapid transit contracts, and to perpetuate the extraordinary privileges granted to the companies.

The Rapid Transit contracts may, however, be clearly distinguished from ordinary franchises granted since the enactment of the public service commissions law, and the jurisdiction of the commission can, and doubtless will be, disputed.

First: Under their terms, the contracts are connected with earlier grants which contained 5 cent fare restrictions.

Second: They are not franchises of the ordinary sort; they represent investment by the city and constitute a partnership agreement with the companies.

Third: They may be taken altogether out of the category of franchises, especially so far as the subways and the city-owned lines are

concerned; the grant for the use of the streets is to the city itself. The contracts merely provide for construction, provision of equipment, lease and operation of the road.

In face of this confusion, especially in New York City, the way out in every instance is for the companies to negotiate new agreements or settlements with the municipality. Such new agreements have been made in a number of cities, and in practically every case represent great improvement over earlier conditions. In New York City, unfortunately, the companies have taken no serious step toward seeking a new agreement; they have carried on a tremendous propaganda for higher fares; have sought judicial interpretation for relief from contract requirements, and have tried to get special legislation for higher fares without affecting their franchise privileges.

The plain fact is, as to New York City at least, that the existing franchises and contracts give to the companies privileges that should never have been authorized and that continue a constant menace to the public. If an increase in rates were authorized either through judicial decisions or by legislation, the single advantage reserved for the public by the agreements would be annulled while the privileges to the companies would be continued. In New York City, at least, there would be perpetuated an immense sum of over-capitalization, unjustified rentals, and excessive fixed charges. The sensible way out of the present condition is through negotiation of new agreements replacing all existing franchises and contracts. Until a new agreement is reached, especially in New York City, the companies can get no substantial relief through the minor rate adjustments that may be possible under the recent decisions.

Referring in conclusion to gas and electric rates, apparently, as previously stated, the commission has full power over rates, notwithstanding any franchise restriction. The basis of this distinction is not clear, except that franchise restrictions rest upon statutory and not constitutional rights of the cities. As to statutory provisions, the commission has power to reduce rates below the maximum fixed by statute, but not to increase them beyond such maximum. But there is here the peculiar situation, after a statutory maximum has been declared unconstitutional by the court—because it does not furnish a proper return to the company, there is doubt as to the commission's jurisdiction to fix the rate above the statutory provision. In other words, the statutory rate in such a case apparently does not exist as against the company, but still operates in restraint of the commission. If there had never been a statutory rate, the commission would

have authority to increase as well as reduce rates according to conditions of the business.

There is clearly imperative need to study and revise the public service commissions law and to reconstruct the machinery for regulation. At the same time, however, the power of the municipalities must not be destroyed or seriously limited to negotiate new franchises or agreements with the companies.

JOHN BAUER.

The Library Bureau of Railway Economics has prepared a typewritten bibliography on *Increased Use of the Freight Car* under date of September 2, 1920 (Washington, pp. 24).

The National Automobile Chamber of Commerce (Grand Central Palace, Lexington Ave. and 46th St., New York) has for distribution circulars and pamphlets in regard to the increased use of the automobile in local transportation.

The Research and Statistical Department of the First National Bank in St. Louis has prepared a typewritten circular on *Public Utility Prices and Rate of Return*.

The Guaranty Trust Company of New York has made a reprint of the *Transportation Act, 1920* (New York, pp. 20).

The REVIEW has received the *Brief and Argument on Behalf of the Public Utilities Commission of Illinois* before the Interstate Commerce Commission in the matter of final value, general principles, and elements to be considered in valuation of railroad property (Edward J. Brundage, Attorney General, Springfield, Ill., pp. 65).

In *New Legislation of Especial Interest to Public Utilities* (Boston, Dept. Public Utilities, pp. 48) are compiled the laws passed by the legislature of Massachusetts in 1920.

Labor

STEEL STRIKE REPORT. An important document and, because of its source, a unique one, has just been published concerning the steel strike of 1919. It is entitled *The Interchurch World Movement Report on the Steel Strike of 1919* (New York: Harcourt, Brace and Howe. 1920. Pp. 277). The data for the report were obtained by and for the Commission of Inquiry consisting of Bishop F. J. McConnell, G. W. Coleman, Alva W. Taylor, Mrs. Fred Bennett, D. A. Poling, Nicholas Van Der Pyl, John McDowell, and Heber Blankenhorn. Bishop W. M. Bell and Bishop C. D. Williams acted in an advisory

capacity and, although they did not take part in the active field investigation, signed the report after full examination of it and the evidence on which it was based. The number on the committee and the fact that all signed the report ought to give it some validity.

Concerning the investigation, it is said that those parts of the evidence obtained directly by the commission were secured through personal observation and through open hearings held in Pittsburgh in November, supplemented by inspection trips in western Pennsylvania, Ohio, Indiana, and Illinois. More technical and detailed data were obtained by a staff of investigators working under a field director from the Bureau of Industrial Research, New York. Other evidence was obtained directly by the Bureau of Industrial Research, by the Bureau of Applied Economics in Washington, by a firm of consulting engineers, and by various other organizations and technical experts working under the direction of the commission. The results are presented in a main report with subsidiary supporting reports. Pertinent phases of other investigations and surveys, including governmental studies, the recent findings of the Senate Committee on Labor, evidence on the limitation or abrogation of civil rights, before and during the strike, have been collected and analyzed. The relation of "welfare work" to the workers was determined, chiefly by the analysis of available statistics. A detailed analysis was made of the relation of the press and of the pulpit to the strike, fields hitherto neglected; and a similar analytical study was made of companies' "undercover men" and "labor detective agencies." A body of over five hundred affidavits and statements from striking and non-striking steel workers was collected and analyzed.

The efforts to get at the real facts of the situation were hampered in many ways and the report frankly says:

Difficulties in obtaining evidence were expected;—they exceeded expectations. In certain quarters the Commission of clergymen were charged with being "Bolsheviks" and "anarchists"; their investigators were rebuffed as "Reds"; one was "arrested." Formal action was finally necessary to combat the circulation in written form of charges whose only basis, apparently, was that any persons had ventured to make any investigation. In other quarters great courtesy was accorded, coupled with inability to furnish the desired statistics. Moreover the lack of up-to-date and available statistics which should have been possessed by union officials, the over-supply of unverified complaints from strikers and the reluctance to impart any information on the part of the companies combined to lengthen unduly the period of field investigation. The Commission's effort was in itself a revelation of the lack of authoritative means for acquainting the public with industrial information at a time of industrial crisis.

The scope of the inquiry is brought out in the following questions:
(a) What workers constituted the bulk of the strikers? The answer

is that the mass of common labor and the semi-skilled comprising about three quarters of all employees, and mostly foreigners, constituted the backbone of the strike. (b) What was the chief factor on the employers' side? The answer, says the report, is not in dispute. The United States Steel Corporation was the admittedly decisive influence. Whatever the Steel Corporation does, the rest of the industry will ultimately do; whatever modifications of policy fail to take place in the industry, fail because of the opposition of the Steel Corporation.

The committee says that in its opinion the strike was justified by fundamental grievances, which are stated to be excessive hours, the boss system, and no right to organize or to representation. These grievances are declared to have been real because:

- a. The average week of 68.7 hours, the twelve-hour day, whether on a straight twelve-hour shift or on a broken division of 11-13 or 10-14 hours, the unbroken 24-hour work period at the turn of a shift and the underpayment of unskilled labor, are all inhuman.
- b. It is entirely practicable to put all processes requiring continuous operation on a straight eight-hour basis as is illustrated by the Colorado Fuel and Iron Company. These processes require the services of only a fraction of the workers.
- c. The "boss system" is bad, the plant organization is military and the control autocratic. The companies' claims, that they accord the right to join unions and the opportunity of conference, are theoretical; neither is allowed in practice.
- d. The use of "under-cover" men is severely condemned. It breeds distrust, breaks down morals and stimulates ill-will; it is undemocratic and un-American.
- e. The refusal of the United States Steel Corporation to confer, to accept mediation, and its attitude of hauteur as shown by its refusal to follow the recommendations of the War Labor Board incited labor strife and, because of the strength and influence of this corporation, forms one of the greatest obstacles to a just settlement of industrial grievances and unrest at this time.

The workers' grievances were of long standing but had found no expression for four reasons: (1) They were limited largely to foreigners of many races and languages without industrial tradition, education, or leadership to organize. (2) Race prejudice effectually kept the more skilled, more intelligent and better paid American workmen from taking up the cause of the foreign-speaking workmen. (3) Labor unions have been accustomed to look upon the foreigner as

an actual or potential strike breaker. (4) The steel companies have most effectually deterred men from joining labor organizations.

These long-standing grievances, says the committee, were brought to expression by: (a) the part these workingmen played in the war and the treatment afforded them for the sake of war production which gave them a new sense of worth and independence; (b) the fight for democracy and news of a larger workingmen's freedom in their native lands together with a growing sense of real Americanism, which brought a spirit of democracy to their ranks; (c) the decision of the American Federation of Labor to organize them and its actual work of organizing them into craft unions.

The remedies sought are declared to be a shorter day and week with a living wage; representation and conference and an end to the "boss system" which so often subjects common labor to petty tyrannies; and a right to unionize and the substitution of industrial democracy for industrial autocracy.

Concerning the conduct of the strike and the charge of radicalism the report says that the strike was regularly conducted in orthodox fashion according to A. F. of L. rules and principles and, while radicals sympathized with the strikers as was natural, they were effectually debarred by the strike leaders. Far from having influence in it, they often denounced and opposed those who conducted the strike.

The causes of the defeat of the strike are summarized as: First, the strike-breaking methods of the steel companies and their effective mobilization of public opinion against the strikers through the charges of radicalism, bolshevism, and the closed shop, none of these charges being justified by facts. Second, the hostility of the press giving biased and colored news and the silence of both press and pulpit on the actual question of justice involved; which attitudes of press and pulpit helped to break the strikers' morale. Third, the suppression of civil rights.

The committee closes its report with positive recommendations. Among the most important are: (a) the adoption of the eight-hour shift on all continuous processes; (b) limiting of the day to not more than ten hours on duty, with not more than a six-day and fifty-four hour week, with at least a minimum comfort wage; (c) recognition of right to join regular craft unions or any other freely chosen form of labor organization; recognition of right to open conference, either through shop committees or union representatives; recognition of right of collective bargaining; (d) a vast extension of house building—by the communities where possible; by the steel companies where com-

munity building is inadequate or impossible; (e) that organized labor should democratize and control the unions, should repudiate restriction of production as a doctrine, should formulate contracts which can be lived up to, should find a substitute for the closed shop wherever it is a union practice, and should scrupulously avoid all advocates of violence.

According to the evidence, the denial of civic rights such as the right of free speech and the peaceful assemblage seems to have been flagrant. Self-constituted committees of business men without a shadow of legal right ran organizers out of town and broke up meetings. In this connection it may be said that western Pennsylvania, the storm center of the strike, seems to breed a type which may be described as religious, narrow, stubborn, and very shrewd. The religion is one of orthodox belief and little social vision. The Lord prospers the righteous believer and so piety and privilege go together.

The committee shows clearly that one of the main difficulties met in the investigation was an avoidance of the issue on the part of the employers and that instead of facts the argument used was that the committee and the leaders of the strike were socialists and dangerous radicals. These tactics are now being used in regard to the report. A writer in *Industry* declares:

We do not believe that those directly in charge of the Commission on Industrial Relations acted fairly or in a broad impersonal manner when they employed as investigators of the steel strike men and women, the majority of whom are avowed socialists, instead of enlisting the aid of representatives of employers, employees, and the general public. The steel industry is highly technical and a great majority of its details are clear only to experts. The questions of hours and wages must be viewed from many angles and the intricacies of the industry are as numerous at least as the ramifications of theology. . . . Without question the recently issued report on the steel strike reveals an astonishing and disconcerting animus against an American industrial corporation well calculated to appal all who believe in fair play, especially where the church is concerned.

The report, however, must stand on its own feet in spite of the above. The attitude that "Gary's in his office, all's right with the world" is like that of the ostrich who sticks his head in the ground and thinks he is not seen. No real answer has yet been given to the main questions at issue, such as hours of labor, the denial of right to organize, the denial of civic rights, and wages. A fair answer to the question of wages might involve the real relation between wages and an ideal standard of living and thus give a basis for difference of opinion. It is incumbent upon the Steel Corporation to make an effective answer to the charges or else set its industrial house in order.

The report is a challenging document and raises fundamental questions concerning industrial relationships which need to be raised.

GEORGE MILTON JANES.

The Bureau of Labor Statistics of the United States Department of Labor has recently issued the following bulletins:

No. 265, *Industrial Survey in Selected Industries in the United States, 1919*, a preliminary report prepared under the supervision of Allan H. Willett (Washington, May, 1920, pp. 509). This contains a report on wages and hours of labor in twenty-eight industries.

No. 268, *Historical Survey of International Action Affecting Labor* (Aug., 1920, pp. 294). This traces the labor movement during the latter half of the last century with a summary of the proceedings of the international socialist and labor congresses. Chapter VII deals with protective labor treaties made by different countries.

No. 273, *Proceedings of the Sixth Annual Meeting of the International Association of Industrial Accident Boards and Commissions held at Toronto, September 23-26, 1919* (Aug., 1920, pp. 424).

The Women's Bureau of the United States Department of Labor has issued Bulletin No. 9, *Home Work in Bridgeport, Connecticut* (Washington, pp. 35); *Hours and Conditions of Work for Women in Industry in Virginia*, second edition (pp. 32).

The United States Railroad Labor Board, Chicago, Illinois, has published in its Wage Series Report No. 1, *Average Daily and Monthly Wage Rates of Railroad Employees on Class 1 Carriers*. This board has in process of development a comprehensive classification of railroad positions in the United States together with the preparation of forms upon which the roads will be asked to report their wage and other data to the board. This special work is under the direction of Professor Horace Secrist who is supervising statistician for the board.

The Division of Minimum Wage of the Massachusetts Department of Labor and Industries has printed its *Statement and Decree concerning the Wages of Women in the Women's Clothing Occupation in Massachusetts* (pp. 5) and concerning *Women Employed in the Paper Box Occupation* (pp. 6).

The *Nineteenth Annual Directory of Labor Organizations in Massachusetts* has been published by the Massachusetts Department of Labor and Industries (Boston, May, 1920, pp. 68).

The New York State Department of Labor has compiled in its bulletin for June, 1920, *New York Labor Laws Enacted in 1920* (Albany, pp. 93) and in its bulletin for July, *Court Decisions on Workmen's Compensation Law, July, 1919-June, 1920* (pp. 113). The department has also published a special study of *The Telephone Industry* covering investigations in regard to systems of employment and training, labor organization, working conditions, and various features of welfare work for employees.

The Industrial Commission of Wisconsin has recently published the *Eighth Annual Report of the Citizens' Committee on Unemployment and the Public Employment Bureau of Milwaukee* covering the year July, 1919, to June 30, 1920 (Madison, pp. 15).

The *Legislative Bulletin of the Consumers' League of Massachusetts* for March, 1920, contains data with regard to working children, more particularly their physical condition.

The Industrial Commission of Wisconsin has compiled in a pamphlet the statutory provisions relating to the *Minimum Wage* (pp. 23).

Dr. Royal Meeker, formerly commissioner of the Bureau of Labor Statistics at Washington, has been appointed chief of the Scientific Division of the International Labour Office of the League of Nations established in Geneva, Switzerland. This office will issue a *Bulletin* containing the official acts of the International Labour Organization and the International Labour Office; a legislative series which will contain translations of laws affecting labor enacted in the different countries of the world; bibliographies of publications relating to labor and industry; pamphlets (*Etudes et Documents*) containing short reports and articles on subjects of immediate importance in the field of labor and industry; a *Monthly International Labour Review*; and also special studies and reports.

The first number of the *Bulletin* appeared on September 8 and contains an account of the organization of the International Labour Office, which is under the direction of Mr. Albert Thomas.

Among the reports thus far received are to be noticed: Report I, *The Eight-Hours Day or Forty-Eight Hours Week* (pp. 56); II, *Unemployment* (pp. 150); III, *The Employment of Women and Children and the Berne Conventions of 1906*. These three reports were

prepared for the International Labour Conference held in Washington in 1919. Also four reports prepared for the Seamen's Conference held at Genoa, June, 1920, relating to *Hours of Labour; Unemployment; Employment of Children at Sea; and Seamen's Code*.

All of the foregoing may be obtained from Harrison and Sons, St. Martin's Lane, London W. C. 2.

The REVIEW has received from the Bureau of Applied Economics, 921 Fifteenth St., N. W., Washington, D. C., a set of exhibits (or pamphlets) presented by W. Jett Lauck before the United States Anthracite Coal Commission, on behalf of the United Mine Workers of America. These deal with: *Occupation Hazard of Anthracite Miners* (pp. 24); *Irregularity of Employment in the Anthracite Industry* (pp. 37); *Comparison of Earnings and Wage Rates in the Anthracite and Bituminous Mines of Pennsylvania* (pp. 20); *The Sanction for the Eight-Hour Day* (pp. 87); *The Trade Union as the Basis for Collective Bargaining* (pp. 171); *The Relations between Wages and Production, Costs, Prices, and Profits in the Anthracite Mining Industry* (pp. 45); *The Sanction for a Living Wage* (pp. 61); *What a Living Wage Should Be* (pp. 7); *Wholesale and Retail Prices of Anthracite Coal* (pp. 6); *Profits of Anthracite Operators* (pp. 13); *The Relationship between Rates of Pay and Earnings and the Cost of Living in the Anthracite Industry of Pennsylvania* (pp. 19); *Combination in the Anthracite Industry* (pp. 151); *Freight Rates on Anthracite Coal, 1914-1920* (pp. 12); *Operating and Financial Performance of Anthracite Railroads* (pp. 29); *Summary, Analysis and Statement* (pp. 44).

The National Association of Manufacturers (30 Church St., New York) has recently published a set of ten pamphlets entitled *Tracts for the Times*, dealing with labor problems, management, socialism, the British industrial crisis, extravagance, wages and prices, prepared by Professor J. Laurence Laughlin.

Further reports dealing with labor questions are:

Twenty-eighth Annual Report of the Maryland State Board of Labor and Statistics, 1919 (Baltimore, pp. 352).

Sixth Annual Report of the Industrial Accident Board of Massachusetts (Boston, pp. 119).

Fourth Annual Report of the Industrial Accident Board, 1919 (Helena, pp. 438).

Money, Prices, Credit, and Banking

There has been recently printed for the League of Nations reports dealing with the following subjects: Paper No. III, *Currency Statistics* (pp. 47); Paper No. IV, *Public Finance* (pp. 97); No. V, *International Trade* (pp. 68); No. X, *Relief Credits and the Promotion of Export*; No. XI, *Exchange Control* (pp. 171); No. XII, *Solutions Proposed: A Summary of Schemes for Remedying Present Financial Difficulties* (pp. 86); No. XIII, *Memorandum on the World's Monetary Problems* (pp. 45), by Gustav Cassel; *Memorandum on Credit, Currency and Exchange Fluctuations* (pp. 15), by Professor A. C. Pigou; and *Notes on the Financial and Monetary Situation* (pp. 7), by Professor Charles Gide; Paper No. XIV, *Price of Silver*, by G. Findlay Shirras. All of these can be obtained from Harrison & Sons, St. Martin's Lane, London W. C. 2.

The Director General of the Bank of North Dakota, which is owned and operated by the state, has prepared a pamphlet containing the laws and regulations governing the bank and outlining its policy. It also contains a statement of the reasons that lead to the creation of the bank. Monthly bulletins are issued and may be obtained upon application (Bismarck, N. Dak.).

The following reports dealing with banking have been received:

Annual Report of the Superintendent of Banks of the State of Alabama for the year 1919 (Montgomery, pp. 137).

Twelfth Biennial Report of the State Bank Commissioner of Missouri, 1919 (Jefferson City, pp. 499).

Annual Report of the Commissioner of Banking and Insurance of New Jersey (Trenton, pp. 41).

Annual Report of the Commissioner of Banking and Insurance Relative to Building and Loan Associations of New Jersey (Trenton, 1920, pp. 141).

Report of Banks of Deposit and Discount and Private Bankers in the State of New York (Albany, pp. 493).

Thirteenth Annual Report of the Bank Commissioner of Rhode Island, 1920 (Providence, pp. 228).

Thirteenth Annual Report of the Bank Commissioner of Washington, 1919 (Olympia, pp. 48).

Public Finance

CONFERENCE ON INCOME TAX FORMS AND SCHEDULES. A conference on income tax forms was called at Washington on September 15,

for the purpose of permitting the officials of the Internal Revenue Bureau to receive suggestions and recommendations as to proposed changes in the forms for the calendar year 1920. About twenty-five representatives of different associations and trade bodies were present at the conference, coming upon the invitation which the Commissioner of Internal Revenue sent to business, trade, and tax associations to have representatives meet with the tax officials and offer their suggestions, and in this way assist in preparing forms that would meet with general approval. However, it appeared to be the unanimous opinion of the representatives that no radical changes should be made in the schedules and that after minor adjustments were agreed upon the bureau should not disturb or eliminate the basis of comparison of the 1920 tax schedules with the returns covering the previous year. Dr. A. M. Sakolski, who was at the conference as the representative of the American Economic Association, was called on by the chairman to suggest changes in the schedules that might be desirable from an economic and statistical standpoint. It was argued that based on practical accounting experience, any change in the schedules involving or leading to an alteration of prevailing bookkeeping methods would cause a heavy increase of expense by individuals and corporations in making up their returns. As a whole, the schedules were based on correct accounting principles. However, the Internal Revenue Bureau seems to have had under consideration alterations of the schedules with a view to making possible the compilation of statistics having a social or economic significance. It was generally agreed at the conference that such statistics, whatever their value, would not compensate for the expense and trouble resulting from changes in bookkeeping methods.

At the suggestion of the representative of the National Lumber Manufacturers Association, the delegates at the conference met as a body and formulated a method of procedure in taking up matters of detail with the officials of the Internal Revenue Bureau. At this meeting, because it was generally assumed that no radical changes would be made in the income tax schedules, several representatives expressed the belief that no further sessions with the officials were necessary. Moreover, the representatives of the various retail dealers associations withdrew from the conference stating that they wished to present their recommendations directly to the Collector of the Internal Revenue. It was finally decided, however, to have two committees appointed among the representatives present, one on "accounting features" of the forms and the other on the "mechanics" of the forms.

At the afternoon meeting of the conference, the various heads of the Revenue Bureau's sections expressed themselves as also in favor of making no radical changes in the schedules. They, however, desired that arguments be presented covering proposed or suggested changes in any individual item in the forms.

A representative of the Investment Bankers Association of America presented arguments for the simplification of the forms with reference to the statement of income from Liberty Bonds and also with reference to matters of peculiar interest to investors. Further arguments for minor simplification of the corporate and individual income tax forms were proposed, but most of these arguments were met with the statement from the Revenue Bureau officials that the individual items in the schedules were inserted and arranged to conform with the Revenue Law and therefore could not be changed. In reference to the individual income tax return, it was suggested that an additional item be inserted covering the 8 per cent tax paid at the source for the account of income of non-resident aliens. The omission of this item in the 1919 forms was an oversight and accordingly it would be inserted in the 1920 schedules.

In the discussion regarding the general form and make-up of the schedules, it was suggested that it would be more convenient to the taxpayer to have each schedule made up in book form with the instructions facing the page containing the sub-accounts (*i.e.*, "blocks"). The tax officials, however, stated that the size, shape, and general make-up of the schedules were adopted for convenience in filing and auditing and could not very well be changed.

The conference adjourned without any definite plan for future deliberations covering the topics discussed. And, although the chairman stated that all who were interested could remain over and make individual suggestions, most of the representatives decided that this would not be necessary, particularly as recommendations could be made by mail up to October 1, 1920.

A. M. SAKOLSKI.

The following reports relating to taxation have been received:

Nineteenth Annual Conference of the State Board of Tax Commissioners and County Assessors of Indiana, 1920 (Indianapolis, pp. 165).

Proceedings of the Seventh Biennial Conference Convention of the Tax Commission and the County Assessors of the State of Kansas, held at Topeka, February 5-6, 1920 (Topeka, pp. 52).

Report of the State Tax Commission of the State of Mississippi for 1919 (Jackson, pp. 52).

Report of the Special Joint Commission on Taxation and Retrenchment Made to the Legislature of New York (Legis. Doc. No. 80, Albany, 1920, pp. 155). This deals particularly with retrenchment of expenditures in cities and counties.

Annual Report of H. J. Fullbright, State Tax Commissioner of Georgia 1919 (Atlanta, pp. 25).

The French Commission in the United States (65 Broadway, New York), in Supplement Nos. 5 and 6 to the *Fortnightly Survey of French Economic Conditions*, gives an analysis of the new French tax law.

Insurance

Bulletin No. 275 of the Bureau of Labor Statistics of the United States Department of Labor presents a *Comparison of Workmen's Compensation Laws of the United States and Canada up to January 1, 1920*, prepared by Carl Hookstadt (Washington, Sept., 1920, pp. 140).

In the *Proceedings of the Casualty, Actuarial, and Statistical Society of America* (59 John St., New York) for May 28, 1920, is a list of recent literature on casualty and social insurance covering pages 365-384.

The following reports relate to industrial insurance:

Report of the Workmen's Compensation Board of Nova Scotia (Halifax, pp. 31).

Rules of the Michigan Industrial Accident Board (Lansing, pp. 29).

Workmen's Compensation Law of the State of Michigan (pp. 61).

Eighth Annual Report of the Industrial Insurance and Medical Aid Departments of Washington (Olympia, 1920, pp. 95).